

# ***News and Information***

*From the Tennessee Division of Consumer Affairs*

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**For Immediate Release**

**June 7, 2001**

**Contact:**

**David McCollum**

**Chris Allen**

**Weekly Column by David McCollum, Director**

**Tennessee Division of Consumer Affairs**

**Volume 1, Issue 19**

## **Cutting College Costs**

Students, you now have just a few short weeks to make a final decision about where you're going to college. If you've waited this late to make a decision, chances are the financial aid package a school offers is playing a major role. Before you buy a school sweatshirt and sign on the dotted line, take a close look at what you're agreeing to. The bigger number on the bottom line may not be the best option, especially if student loans are a significant part of that figure.

Subtract the student loan amounts from the financial aid package. The remaining funds are scholarships and grants you will not have to pay back. Student loans are a vital part of paying for higher education in the United States, and most people would not be able to go to college without them. Because you will have to pay this money back (plus interest), however, you will want to borrow as little as possible. You should also take some time to educate yourself regarding student loans.

The interest on student loans is generally lower than what is available elsewhere, but in some cases the interest rate will be variable. A variable interest rate can go up or down during the term of the loan based on changes in the market. You could ultimately pay more or less than expected because of fluctuations in the economy. Most student loans are paid back over the course of ten years, so expect several changes in a variable rate during that period. A fixed interest rate, on the other hand, will stay the same for the length of the repayment schedule.

Student loans will be either subsidized or unsubsidized while you are in school. With a subsidized loan, the government pays the interest while you are in school. An unsubsidized loan requires you to pay all the interest, even while you're enrolled in college. These payments can be deferred until after graduation, but they may be added to the principle, creating more overall debt. Avoid unsubsidized loans if at all possible.

If you have questions or concerns regarding student loans contact the Tennessee Student Assistance Corporation at (615) 741-1346 or any other consumer issue, contact the Tennessee Division of Consumer Affairs at 1-800-342-8385 or visit [www.state.tn.us/consumer](http://www.state.tn.us/consumer).